

## Annexure II

### CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY DESIGNATED PERSONS

[Pursuant to SCHEDULE B to Sub-regulation (1) of Regulation 9 of SEBI (Prohibition of Insider Trading) Regulations, 2015]

#### 1. Definitions:

"Act" means the Securities and Exchange Board of India Act, 1992.

"Code" means this **"CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY DESIGNATED PERSONS"** including any modification(s) or amendment(s) made thereto from time to time or any replacement made thereof by the Company.

"Company" means Garware Synthetics Limited and includes its material subsidiaries and may be referred to as "the Company" in this or in relation to insider Trading Code.

"Compliance Officer" means the Company Secretary provided that any senior officer, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under the Regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of Unpublished Price Sensitive Information, monitoring of trades and the implementation of this Code and other codes as specified in the Regulations under the overall supervision of the Board, may be designated as Compliance Officer by the Board of Directors of the Company.

"Connected Person" means any person who is or has during the six months prior to the concerned act of the Company has been associated with the Company directly or indirectly, in any capacity including by reason of frequent communication with officers of the Company or by being in any contractual, fiduciary or employment relationship or by being a Director, officer or an employee of the Company or holds any position including a business or professional relationship between himself and the Company, whether temporary or permanent, that allows such person directly or indirectly access to UPSI (as defined hereinafter) or is reasonably expected to be allowed to such access.

Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established:

- i. an Immediate Relative of Connected Person.
- ii. a holding/associate/subsidiary company,
- iii. an intermediary, an employee or director thereof,
- iv. an investment company, trustee company, asset management company or an employee or director thereof,
- v. an official of a stock exchange or of clearing house or corporation;
- vi. a member of board of trustees of a mutual fund or a member of board of directors of asset management company of a mutual fund or an employee thereof;
- vii. a member of board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013
- viii. an official or an employee of a self-regulatory organization recognized or authorized by SEBI (as defined hereinafter)
- ix. a banker of the Company
- x. a concern, firm, trust, HUF, company or association of persons wherein a Director of the Company or his immediate relative or banker of the Company has more than 10% of holding or interest.

**"Designated Persons"** means such persons as the Board of Directors shall in consultation with the Compliance Officer specify to be covered by the Code of Conduct on the basis of their role and function in the organization and the access that such role and function would provide to UPSI in addition to seniority and professional designation and shall include:

- i. Employees of the Company, Intermediary, Fiduciary or Registrar and Transfer Agents designated on the basis of their functional role or access to UPSI in the Company by the Board of Directors
- ii. All Directors of the Company;
- iii. All promoters of the Company;

- iv. All Key Managerial Personnel of the Company and its material subsidiaries: All employees up to two levels below Chief Executive Officer of the Company and its material subsidiaries irrespective of their functional role in the Company or ability to have access to UPSI;
- v. All employees and trainees working in Secretarial and Legal department(s) of the Company;
- vi. All employees in Head Office Finance & Accounts department of the Company and its material subsidiaries;
- vii. All employees in Internal Audit Department of the Company and its subsidiaries;
- viii. All secretaries to Chairman, Vice-chairman, Chief Executive Officer and whole-time directors of the Company and its material subsidiaries;

**Note 1:** Depending on the change in the scope of responsibility of an employee, the Compliance Officer with the approval of the Whole time Director of the Company may exclude or include any employee from the list of Designated Person.

**Note 2:** In case any Designated Person separates from the services of the Company due to superannuation/resignation/termination etc. he/she shall continue to be considered as a designated Person for a further period of 6 (six) months subsequent to the date of his/her separation from the Company as envisaged under the Regulations.

**Note 3:** "Material Subsidiary" shall have the same meaning as defined in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

**"Financially Literate"** means the ability of a person to read and understand basic financial statement, i.e., balance sheet, profit and loss account, statement of cash flows, etc.

**"Immediate Relative"** means in respect of a natural person:

- 1) Spouse of the person.
- 2) Parent, sibling and child of such person, or of the spouse, any of whom is either dependent financially on such person or consults such person in taking decisions relating to trading in securities.

**"Insider"** means

A person who is:

- 1) A connected person
- 2) Anyone in possession of or access to UPSI

**"Promoter"** means a promoter as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.

**"Promoter Group"** means a promoter group as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof;

**"Regulations"** means the Securities and Exchange Board of India (Prohibition of insider Trading) Regulations, 2015 and any amendment made thereof.

**"SEBI"** means the Securities and Exchange Board of India.

**"Securities"** mean securities as defined under the Securities Contracts (Regulation) Act, 1956 or any modification thereof except units of a mutual fund.

**"Trading"** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any Securities of the Company, and the terms "Trade" and "Traded" shall be construed accordingly.

**"Trading Day"** means a day on which the recognized stock exchanges are open for Trading.

**"Trading Plan"** means a plan formulated by a person and presented to the Compliance Officer for approval and public disclosure pursuant to which trades may be carried out on behalf of such person in accordance with such plan as per Clause 5(1) of the Regulations.

**"Trading Window"** means a trading period, to be called "Notional Trading Window", which shall be used as an instrument of monitoring trade by Designated Persons for trading in the Securities.

**"Unpublished Price Sensitive Information"** or "UPSI" means any information, relating to the company or its Securities, directly or indirectly, that is not generally available which upon becoming generally available is likely to materially affect the price of Securities of the Company and shall, ordinarily include but be restricted to, information relating to the following:

- i. Financial results of the Company;
- ii. dividends;
- iii. Change in capital structure of the Company;
- iv. mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions involving the Company;
- v. Any change in key managerial personnel of the Company;
- vi. Any other event as may be notified by the Board of Directors from time to time.

**"Working day"** means the working day when the regular Trading is permitted on the concerned stock exchange where the Securities of the Company are listed.

All capitalized terms used in this Code but not defined herein shall have the meanings assigned to them under the Regulations, Act, the Companies Act, 1956 or Companies Act, 2013 as the case may be.

## **2. Reporting**

- i. The Compliance Officer shall provide a report to the Board of Directors through the Audit Committee with regard to implementation and operation of this Code at least once in every financial year.
- ii. All information shall be handled within the organization on a need-to-know basis and no UPSI shall be communicated to any person except in furtherance of Legitimate Purposes (as defined in the Company's Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information), performance of duties or discharge of legal obligations.

## **3. Responsibility of Compliance Officer**

Compliance Officer shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of Unpublished Price Sensitive Information (UPSI), monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the Board of Directors of Garware Synthetics Limited.

## **4. Applicability**

1. This Code shall be applicable to all the Designated Persons and Immediate Relatives of Designated Persons of the Company and its material subsidiaries and to the extent mentioned. To Insiders and Connected Persons.
2. All Designated Persons will be deemed to have read and understood and agreed to comply with this Code and in case of any question, they may seek clarification from the Compliance officer.

## **5. Chinese Wall**

1. To prevent the misuse of UPSI the Company will follow a "Chinese Wall" policy whereby those areas of the Company which routinely have access to UPSI , considered "inside areas", will be separately located from areas which deal with general public on a routine basis, considered "public areas".
2. The Designated Persons in possession of an UPSI shall not communicate such UPSI to any other person who is not in possession of the same UPSI or is not involved in the same work or transaction, whether in the inside area or in the public area, as the case may be.
3. Only when required for a work or a transaction and in the interest of the Company, a Designated Person who is not in possession of an UPSI may be brought "over the wall" and given UPSI if such person needs to know the same provided that the recipient of the UPSI shall also be under the same obligations of protection of such UPSI, as any other Designated Person in the inside area. In case of any doubt or confusion in the matter, the Compliance Officer will be consulted for advice.

## 6. Trading

- i. Designated Persons and their immediate Relatives may execute trades subject to compliance with this Code and the Regulations. Towards this end, a notional trading window shall be used as an instrument of monitoring trading by the Designated Persons. The trading window shall be closed when the Compliance Officer determines that a Designated Person or class of Designated Persons can reasonably be expected to have possession of UPSI. Such closure shall be imposed in relation to such Securities to which such UPSI relates. Designated Persons and their immediate Relatives shall not trade in Securities when the trading window is closed.
- ii. Without prejudice to the generality of the foregoing, trading restriction period will be made applicable from the end of every quarter till 48 hours after declaration of financial results.
- iii. The gap between clearance of financial results by the Audit Committee and the Board Meeting shall be as narrow as possible and preferably on the same day to avoid leakage of material information.
- iv. The timing for re-opening of the trading window shall be determined by the Compliance Officer taking into account various factors including the UPSI in question becoming generally available and being capable of assimilation by the market, which in any event shall be not be earlier than 48 hours after the information becomes generally available.
- v. When the trading window is open, trading by Designated Persons shall be subject to pre clearance by the Compliance Officer, if the value of the proposed trades is above Rs. 10,00,000 (Rupees Ten Lakhs only) The forms relating to pre-clearance are annexed as Annexure I.
- vi. Prior to approving any trade, the Compliance Officer shall seek declarations to the effect that the applicant for pre-clearance is not in possession of any UPSI. The Compliance Officer shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.
- vii. The trades which have been pre-cleared have to be executed by the Designated Person within seven trading days failing which fresh pre-clearance would be needed for the trades to be executed.
- viii. The Designated Person who is permitted to trade shall not execute a contra trade in a period which is less than six months from the permitted trade. Should a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to SEBI for credit to the Investor Protection and Education Fund administered by SEBI. However, this shall not be applicable for trades pursuant to exercise of stock options.
- ix. In case of stock options, exercise of option may be allowed in the period when the trading window is closed. However, sale of shares allotted on exercise of stock options shall not be allowed when trading window is closed.
- x. All Directors / Designated Persons and their immediate Relatives shall also not take positions in derivative transactions in the shares of the Company at any time.
- xi. Notwithstanding anything contained in this Code, no Designated Person/ insider and his immediate Relative will trade in Securities that are listed or proposed to be listed when in possession of UPSI except under circumstances allowed under the Regulations and specified by SEBI which circumstance shall include trading pursuant to a trading plan as per Clause 7 hereof.

## 7. Trading Plan

- i. An insider (which term for the purpose of this Clause shall include a Designated Person and his immediate Relative) may formulate a trading plan and place it before the Compliance Officer for approval and public disclosure so that trades can be carried out on his behalf.
- ii. Such trading plan shall:
  - a. not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;

- b. not entail trading for the period between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the Company and the second trading day after the disclosure of such financial results;
- c. entail trading for a period of not less than twelve months;
- d. not entail overlap of any period for which another trading plan is already in existence;
- e. set out either the value of trades to be effected or the number of securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected;
- f. not entail trading in securities for market abuse.
- g. Compliance officer will review the trading plan and assess to check any potential violations of the Regulations and may even ask for undertakings as may be required for implementation of the plan

Provided that pre-clearance of trades shall not be required for a trade executed as per an approved trading plan

Provided further that trading window norms and restrictions on contra trade shall not be applicable for trades carried out in accordance with an approved trading plan.

- h. The trading plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan provided that the implementation of the trading plan shall not be commenced if any unpublished price sensitive information in possession of the insider at the time of formulation of the plan has not become generally available at the time of the commencement of implementation and in such event the Compliance Officer shall confirm that the commencement ought to be deferred until such unpublished price sensitive information becomes generally available information.
- i. Upon approval of the trading plan, the Compliance Officer shall notify the plan to the Stock Exchanges on which the securities are listed.

## **8. Disclosures**

### **1. Initial Disclosures**

- a. Every promoter, member of the promoter group, key managerial personnel and Director of the Company shall disclose his holding of Securities of the Company as on the date of the Regulations taking effect, to the Company within thirty days of the Regulations taking effect;
- b. Every person on appointment as a key managerial personnel or a Director of the Company or upon becoming a promoter or member of the promoter group shall disclose his holding of Securities of the Company as on the date of appointment or becoming a promoter, to the Company within seven days of such appointment or becoming a promoter.

### **2. Continual Disclosures**

- a. Every promoter, member of the promoter group, Designated Person and Director of the Company shall disclose to the Company the number of such Securities acquired or disposed of within two trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees or such other value as may be specified by SEBI;
- b. The company shall notify the particulars of such trading to stock exchange on which the securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information.

Explanation- It is clarified for the avoidance of doubts that the disclosure of the incremental transactions after any disclosure under this sub-clause B, shall be made when the transactions effected after the prior disclosure cross the threshold specified in clause A above.

### 3. Disclosures by other Connected Persons.

The Company may, at its discretion, require any other Connected Person or class of Connected Persons to make disclosures of holdings and trading in securities of the Company in such form and at such frequency as may be determined by the Company in order to monitor compliance with this Code.

### 4. Other Disclosures

- a. Designated Persons shall disclose the name and Permanent Account Number or any other identifier authorized by law of the following persons to the Company on an annual basis (by 30th April every year) and as and when the information changes for the following persons:
  - a. Immediate relatives;
  - b. Persons with whom such designated person(s) shares a material financial relationship;
  - c. Phone / Mobile or other contact details which are used by them
- b. In addition to the above, the educational institutions from which designated persons have graduated and names of their past employers shall also be disclosed on a one time basis.
- c. The term "material financial relationship" shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift during the immediately preceding twelve months, equivalent to at least 25% of such payer's annual income but shall exclude relationships in which the payment is based on arm's length transactions.
- d. The Compliance Officer shall maintain a register of all the Designated Persons in a digital database.

## 9. **Mechanism for Prevention of Insider Trading**

- a. The Compliance Officer and the Head of Internal Audit in consultation with the Whole time Director and the Chief Financial Officer of the Company shall put in place an adequate and effective system of internal controls to ensure compliance with the requirements given in these regulations to prevent insider trading.
- b. The internal controls shall include, inter alia, the following:
  - i. Identification of the designated Persons from time-to-time who may have the UPSI.
  - ii. Providing clarification to Designated Persons to clarify which information will constitute UPSI, as and when ask for
  - iii. Adequate circulation of this Code
  - iv. Maintenance of structured digital database containing the names of such persons or entities as the case may be with whom UPSI is shared along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such databases shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database
  - v. Execution of confidentiality or non-disclosure agreements with the Designated Persons.
  - vi. Process review at regular intervals to evaluate effectiveness of such internal controls
- c. The Board shall ensure the compliance of the provisions of the Code by the Compliance Officer from time-to-time
- d. The Audit Committee of the Company shall review compliance with the provisions of this Code at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

## 10. **Penalty for contravention of code of conduct**

- i. Any Director / Designated Employee/ Connected Person/ Insider who trades in securities or communicates any information for trading in securities, in contravention of the Code or the Regulations may be penalized and appropriate action may be taken by the Company.

- ii. Directors I Designated Employees of the Company who violate the code of conduct shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension, recovery and claw back, ineligible for future participation in stock employee option plans, etc.
- iii. The action by the Company shall not preclude SEBI from taking any action in case of violation of the Regulations

#### **11. Maintenance of Records and Register**

- a. The Compliance Officer shall maintain:
  - i. Register of Pre-clearance of trading of Securities and record therein the name and designation of the Director, Designated Persons or employee submitting the application, date of the application, date & time of receipt of the application, nature of the transaction, number of securities, consideration value, name of the immediate Relative if the transaction is in the name of the immediate Relative and date & details of the actual transaction
  - ii. Records of all the declarations in the appropriate form given by the Directors, Designated Persons or employee and their immediate Relatives for a minimum period of three years

#### **12. Information to SEBI in case of violation of SEBI (Prohibition of insider Trading) Regulations, 2015**

In case it is observed by the Company/Compliance Officer that there has been a violation of the Regulations, SEBI shall be informed by the Company.

#### **13. Clarifications**

For all queries concerning this Code, all employees of the Company may please contact the Compliance Office

#### **14. General**

Designated Persons are advised to read this Code and the Regulations carefully and acquaint themselves with the provisions contained therein.

As approved by the Board of Directors on 30th March, 2019. Subsequent modification(s) / amendment (s) to SEBI (Prevention of insider Trading) Regulations, 2015 shall automatically apply to this Code.

**Annexure 1**

**PRE CLEARANCE OF SALE OF SHARES  
(For all Directors/Employees)**

Application to the Company Secretary for pre clearance for dealing in securities of the Company:

1. **Name:**
2. **Residential address:**
3. **PAN:**
4. **AADHAAR No:**
5. **Category:** Director /Employee:  
(Strike out whichever is not applicable)
6. **Designation:**
7. **Whether has any access to any price sensitive information, as per SEBI (Prohibition of Insider Trading Regulation), 2015: Yes/No**
8. **Number of Securities already held in the Company:**
9. **Number of securities for which application for pre - clearance is being made:**
  - a. Nature of dealing: Purchase/Sale/ Any other (Please specify)
  - b. Expected Consideration
10. **Price at which the securities are quoted at BSE Rs\_\_\_\_\_** (on the date of application.
11. Reason for the proposed transaction.

I hereby declare that I do not have access to any price sensitive information / though I have access to price sensitive information but this transaction is not influenced by any such information (delete whichever is not applicable).

Signature

Date:

\_\_\_\_\_

For Office Use

Pre- Clearance Serial Number:

\_\_\_\_\_



## UNDERTAKING TO BE ACCOMPANIED WITH THE APPLICATION FOR PRE-CLEARANCE

**To,**  
**The Compliance Officer**  
**Garware Synthetics Limited**  
Manish Textiles Industrial Premises,  
Opposite Golden Chemical,  
Penkar Pada, Mira Road, Thane: 401104.

I, \_\_\_\_\_, of the Company residing at \_\_\_\_\_, am desirous of trading in \_\_\_\_\_ shares of the Company as mentioned in my application dated \_\_\_\_\_ for pre clearance of transaction.

I further declare that I am not in possession of any unpublished price sensitive information up to the time of signing of this undertaking.

In the event that I have access to receive any unpublished price after the signing of this undertaking but before executing the transaction for which approval is sought, I shall inform the Compliance officer of the same and shall completely refrain from trading in the Securities of the Company until such information becomes public.

I declare that I have not contravened the provisions of the Rules as notified by the Company from time to time.

In the event of this transaction being in violation of the Rules or the applicable laws, (a) I will, unconditionally, release, hold harmless and indemnify to the fullest extent, the Company and its Directors and officers, (the "indemnified persons") for losses, damages, fines, expenses suffered by the indemnified persons, (b) I will compensate the indemnified persons for all expenses incurred in any investigation, defence, crises management or public relations activity in relation to this transaction and (c) I authorize the Company to recover from me, the profits arising from this transaction and remit the same to the SEBI for credit of the Investor Protection and Education Fund administered by the SEBI.

I undertake to submit the necessary report within two days of execution of the transaction / a 'Nil' report if the transaction is not undertaken.

If approval is granted, I shall execute the trade within seven days of the receipt of approval failing which I shall seek pre-clearance afresh. I undertake that I shall not execute a contra trade as regulated by SEBI within 6 months of dealing in securities pursuant to the pre-clearance referred to in this undertaking.

I declare that I have made full and true disclosure in the matter

Signature:

Name:

Date:

**DISCLOSURE OF TRANSACTIONS**

**(To be submitted within 2 days of transaction/trading in securities of the Company)**

**To,  
The Compliance Officer,  
Garware Synthetics Limited.**

Manish Textiles Industrial Premises,  
Opposite Golden Chemical,  
Penkar Pada, Mira Road, Thane: 401104.

I hereby inform that I

- Have not bought/sold / subscribed any Securities of the Company
- Have bought/sold / subscribed to \_\_\_\_\_ securities as mentioned below on \_\_\_\_\_(date)(strike out whichever is not applicable)

Name of holder Price (Rs)	No. of securities traded	Bought/sold/subscribed	DP ID/CLIENT ID/ Folio no.
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I declare that the above information is correct and that no provisions of the company's Rule and/or applicable laws/regulations have been contravened for effecting the above said transaction(s).

Signature: -----

Name:

Date: